Gentlemen, Treasury Chambers, 8 February 1849.

I AM commanded by the Lords Commissioners of Her Majesty's Treasury to acknowledge the receipt of Mr. Melvill's letter of the 30th ultimo, transmitting a summary of the claims of the East India Company on Her Majesty's Government in respect of the China Expedition, &c., so far as the accounts have been received from India, and I am directed to acquaint you, that when the whole of the account of the charge against Her Majesty's Government in respect of the China Expedition shall have been furnished, their Lordships will give directions for its being duly examined.

I am, &c.

Chairman and Deputy Chairman of the East India Company. (signed) *C. E. Trevelyan.*

Sir, East India House, 5 March 1851.

I AM commanded by the Court of Directors of the East India Company to forward to you the accompanying accounts and statements, in continuation of those transmitted with my letter dated 30 January 1849, of the charges incurred by the Company on account of the China Expedition, &c. The balance due to the Company on the former accounts amounted to 475,218*l.*, and the balance due on the present accounts is 331,317*l.*, making a total claim on Her Majesty's Government of 806,535*l.*

The Court are aware that, on the other hand, the Company are indebted to Her Majesty's Government in a considerable sum for expenditure at home, on account of the Queen's troops on the India establishment.

In your letter dated 11th June 1850, 10,591; 4/6, transmitting for examination a statement of the Pay-office claims for the year ended 31st March 1849, payment is requested of the sum of 368,466*l.* 17*s.* 1¾*d.*, the amount admitted by the Company to be due to the public to the 31st March 1847. The remainder of the claims which are under examination amount to 175,120*l.* 12*s.* 10*d.*

In this state of the accounts between Her Majesty's Government and the East India Company, the Court would propose to the Lords Commissioners of Her Majesty's Treasury that the sum of 368,466*l.* 17*s.* 1*d.*, the balance of the Pay-office claims to 31st March 1847, together with an advance of 175,000*l.* on account of the claims for the subsequent period, should now be charged against the Company's claim of 806,535*l.*, and that the remaining balance of 263,068*l.* 2*s.* 11*d.* due to the Company, should be paid to their account at the Bank of England.

I have, &c.

(signed) *J. C. Melvill,*
Secretary.

Sir C. E. Trevelyan, K.C.B.

A SUMMARY of the CLAIMS of the East India Company on Her Majesty's Government on account of the Expedition to China, &c., (in continuation of the Account rendered to Her Majesty's Treasury 30 January 1849.)

		Rupees.	£.
1839–40	Balance of former account		475,218
	Balance of charges brought to account in Supplementary Statement for this year (Particulars in Account No. 18)	2,34,062	
	At 2*s.* 0½*d.* the rupee		23,894
1840–41	Balance of charges brought to account in the Supplementary Statement for this year (Particulars in Account No. 19)	28,443	
	At 2*s.* 0½*d.* the rupee		2,904
1841–42	Balance of charges brought to account in the Supplementary Statement for this year (Particulars in Account No. 20)	6,71,926	
	At 2*s.* the rupee		67,193

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			Rupees.	£.
1845-46	Balance of charges brought to account in the Supplementary Statement for this year (Particulars in Account, No. 21) - - - - - - -	*Rs.* 28,482		
	Balance of receipts shown in Supplementary Account between Her Majesty's Colonial Government in China and the Government of India (Particulars in Account No. 22) - - -	*Rs.* 838		
	Balance of receipts shown in General Account between Her Majesty's Government and the East India Company (Particulars in Account No. 23.) -	1,086		
			1,924	
			26,558	
	At 1*s.* 10½*d.* the rupee - - -			2,490
1846-47	Balance of receipts brought to account in the Supplementary Statement for this year (Particulars in Account No. 24, transmitted to Her Majesty's Treasury from the Colonial Office, the balance of account current for 1846-47 being deducted) - - - - - - -		30,801	
	Balance of charges in Supplementary Account between Her Majesty's Colonial Government in China and India (Particulars in Account No. 25) - - - -	*Rs.* 4,721		
	Balance of charges in General Account between Her Majesty's Government and the East India Company (Particulars in Account No. 26)	122,345		
			127,066	
			96,265	
	At 1*s.* 10½*d.* the rupee - - -			9,025
1847-48	Balance of the Expedition Account in favour of the Company (Particulars in Account No. 27, transmitted to Her Majesty's Treasury from the Colonial Office) - - - - - - -		24,43,605	
	Balance of General Account between Her Majesty's Government and the East India Company (Particulars in Account No. 28) - - -		16,636	
			24,60,261	
	Balance of receipts in account between Her Majesty's Colonial Government in China and the Government of India (Particulars in Account No. 29) - - - - - - - -		1,03,972	
			23,56,289	
	At 1*s.* 11*d.* the rupee - - -			225,811
			£.	806,535

Gentlemen, Treasury Chambers, 14 March 1851.

The Lords Commissioners of Her Majesty's Treasury have had before them Mr. Melvill's letter, dated 5th instant, forwarding accounts and statements of the charges incurred by the Company on account of the China Expedition, (making with those previously sent a total claim of 806,535*l.*), and proposing that the sum of 368,466*l.* 17*s.* 1¾*d.*, the balance of the claim of Her Majesty's Government in respect of Queen's troops serving in India to 31st March 1847, together with an advance of 175,000*l.* on account of the claim for the subsequent period, should now be charged against the Company's claim of 806,535*l.*; and that the remaining balance of 263,068*l.* 2*s.* 11*d.*, due to the Company, should be paid to their account at the Bank of England.

I am

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on 31 October, 2019

I am to state, that the sum of 368,466*l.* 17*s.* 1 ¾*d.* above referred to was that portion of the balance due upon the accounts of the advances made for recruiting and other expenses of Her Majesty's troops serving in India, which had been examined and admitted to be correct, and the East India Company was therefore requested to make arrangements for the early payment of it, in accordance with the established practice in the settlement of pecuniary transactions between Her Majesty's Government and the Company.

The sum of 806,535*l.*, on the other hand, is the total sum claimed on the accounts of the charges incurred by the East India Company in reference to the China Expedition, the last portion of which accounts, involving a balance of 331,317*l.*, has only now been rendered, and no part of them has yet been examined.

My Lords could not, therefore, accede to the proposal of the Court of Directors, that a claim which has been examined and admitted should be set off against another, the examination of which has not been commenced, even supposing other objections did not exist to this mode of settlement.

As regards the claim of Her Majesty's Government upon the East India Company for 368,466*l.* 17*s.* 1¾*d.*, which has been admitted to be correct, my Lords must again request that the Court of Directors will order the immediate payment of the amount; and with respect to the claim of the East India Company upon Her Majesty's Government for 806,535*l.*, as the balance remaining due of the extra expenditure connected with the China Expedition, my Lords are ready to take steps, in concert with the Court of Directors, for the examination and settlement of the account, and application will be made to Parliament with a view to the early payment of whatever balance may appear by the result of such examination to be due to the East India Company.

I have, &c.
(signed) *C. E. Trevelyan.*

The Chairman and Deputy Chairman
of the East India Company.

Sir, East India House, 31 March 1851.

The Chairman and Deputy Chairman having communicated to the Court of Directors of the East India Company your letter dated the 14th instant, upon the subject of the charges incurred by the Company for the China Expedition, and the claims of Her Majesty's Government on the Company in respect of Queen's troops serving in India, I am directed to request that you will call the attention of the Lords of the Treasury to my letter to you, dated on the 30th of January 1849, forwarding accounts received up to that date, which showed a balance then due to the East India Company for the China Expedition of 475,218*l.*

More than two years having, therefore, elapsed since those accounts were rendered to their Lordships, the Court submit that it is not unreasonable on their part to have expected payment of the amount, in view to their being the better enabled to reimburse to Her Majesty's Government the sum due in respect of the expenses of Queen's troops serving in India.

The Court are quite disposed to keep the accounts distinct, but they are not prepared, at present, to pay the sum of 368,466*l.* 17*s.* 1*d.* for Her Majesty's troops, unless that part at least of the sum due to them in respect of China, of which the accounts were rendered more than two years since, be simultaneously reimbursed to the Company.

I have, &c.
(signed) *James C. Melvill,*
Secretary.

Sir C. E. Trevelyan, K.C.B.,
&c. &c. &c.

Gentlemen, Treasury Chambers, 8 April 1851.

I am commanded by the Lords Commissioners of Her Majesty's Treasury to acquaint you, that my Lords have had before them Mr. Melvill's letter, dated 31st ultimo, in which he calls attention to his letter dated on the 30th of January 1849, forwarding accounts received up to that date, which showed a balance then due

due to the East India Company for the China Expedition of Four hundred and seventy-five thousand two hundred and eighteen pounds (475,218*l.*), and observes, that more than two years having elapsed since those accounts were rendered to their Lordships, the Court of Directors submit that it is not unreasonable on their part to have expected payment of the amount, in view to their being the better enabled to reimburse to Her Majesty's Government the sum due in respect of the expenses of the Queen's troops in India.

In reply, I am desired to call your attention to the letter from this Board, dated 8th February 1849 (written in reply to the above-mentioned letter from Mr. Melvill, dated 30th January 1849), stating, that when the whole of the account of the charge against Her Majesty's Government in respect of the China Expedition should have been furnished, their Lordships would give directions for its being examined; and to the previous letter from this Board, dated 20th June 1845, stating, that as sums of money had been already paid in anticipation of the account to be rendered by the East India Company of that portion of the expense of the China Expedition which devolved upon Her Majesty's Government, to the amount of about Three millions sterling, and as upwards of 21 months had elapsed since the China Expedition account was closed, by the transfer of the expenditure to the officers of Her Majesty's Commissariat, the East India Company having been previously requested to take the necessary steps for furnishing the account, their Lordships were of opinion that they could not with propriety make an application to Parliament for the grant of a further sum in reference to the share of Her Majesty's Government in the expenses of the China Expedition until the account of these expenses should have been actually furnished; and to the further letter from this Board, dated 5th November 1847, in which it was observed, that, adverting to the very large amount advanced in aid of the expenditure connected with the Expedition to China, the variety of questions which would have to be considered in reference to the different branches of that expenditure, and also the expense since incurred by Her Majesty's Government on account of the troops and steam-vessels on the establishment of the East India Company employed in that country, it could not be known, until a general settlement of the amount took place, whether a balance was due by Her Majesty's Government to the East India Company, or by the East India Company to Her Majesty's Government; and their Lordships therefore could not feel themselves justified in applying to Parliament for any issue of money for services connected with the Expedition to China upon the statement contained in Mr. Melvill's letter of the 29th of October 1847, that the Court were in possession of monthly and quarterly returns of expenditure, which would warrant their requesting payment by Her Majesty's Government of a larger amount than 250,000*l.*, the sum estimated to have been required for the Nankin batta.

My Lords continue to be of opinion that no further payment could be made in reference to the expenses of the China Expedition until the account had been rendered and settled; and that the examination of the account could not with any advantage have been commenced until the whole of it had been rendered.

Repeated applications, the first of which was dated in April 1843, were made to the Court of Directors for this account, but it was not rendered in a complete state until March 1851, or about seven years and a half after the payments in China had ceased to be made by the officers of the East India Company.

My Lords have appointed Commissary-general Sir Edward Coffin and Mr. Hamilton, Inspector on the establishment of the Commissioners of Audit, to examine the account on behalf of Her Majesty's Government, and they request that the Court of Directors will cause those officers to be furnished with any documentary or other information which they may require in order to bring the matter to a speedy settlement.

Mr. Melvill states in the concluding paragraph of his letter, that the Court are quite disposed to keep the accounts of the China Expedition, and of the ordinary advances in respect of Queen's troops serving in India, distinct, but that they are not prepared at present to pay the sum of 368,466*l.* 17*s.* 1*d.* for Her Majesty's troops, unless that part at least of the sum due to them in respect of China, of which the accounts were rendered more than two years since, be simultaneously reimbursed to the Company.

Upon this my Lords can only repeat the observation contained in my letter dated the 14th ultimo, that as the sum of 368,466*l.* 17*s.* 1*d.* is due upon accounts which have been examined and admitted to be correct, it should, according to the established

established practice in the settlement of the pecuniary transactions between Her Majesty's Government and the East India Company, be paid to Her Majesty's Government at once, without reference to any other account, and my Lords must therefore renew their application for the immediate payment of the above-mentioned amount; and they will, on their part, take the necessary steps for paying at the earliest practicable period any balance that may be shown by the examination of the account of the China Expedition to be due to the East India Company on that account.

I have, &c.
(signed) *C. E. Trevelyan.*

To the Chairman and Deputy Chairman of the East India Company.

Sir, East India House, 24 April 1851.

THE Chairman and Deputy Chairman having laid before the Court of Directors of the East India Company your letter dated 8th instant, 6,797 8/4, I am commanded to acquaint you, for the information of the Lords of Her Majesty's Treasury, that although the Court do not see the necessity for the appointment of Sir E. Coffin and Mr. Hamilton to examine the account of the expenses of the China Expedition, the principle of adjustment having been long since understood, and the transmission to this country of the vouchers dispensed with by their Lordships; yet every facility and information will be furnished to those gentlemen by the officers of the Company under the orders of the Court.

The Court are quite aware of the distinction which may justly be drawn between an account investigated and admitted by both parties, and one still under investigation; but the Court submit, with respect to the account rendered more than two years since, that no good reason existed to prevent the Lords of the Treasury from satisfying themselves that the amount then claimed was justly due. Besides which, the Court must remind their Lordships, that a large portion of that claim consisted of sums disbursed for donation batta, which was a separate and distinct transaction, and was only undertaken by the Court at the special desire of Her Majesty's Government, and with the understanding that it would be promptly reimbursed.

Upon a review of all the circumstances, and recollecting that Her Majesty's Government have long since received from the Government of China the sums stipulated by the Treaty to be paid in indemnification of the expenses of the war, amounting, in the aggregate, to more than the whole sum expended by the Company for the expedition, the Court do not feel at liberty to make payment in respect of the expenditure in this country for Her Majesty's troops on the India establishment until Her Majesty's Government shall be prepared to reimburse to the Company the balance due to them for the China Expedition for expenditure included in the account rendered on 30th January 1849.

I have, &c.
(signed) *James C. Melvill,*
Secretary.

Sir C. E. Trevelayn, K.C.B.,
&c. &c. &c., Treasury.

Gentlemen, Treasury Chambers, 6 May 1851.

I AM commanded by the Lords Commissioners of Her Majesty's Treasury to acquaint you, with reference to that part of your Secretary's letter of the 24th ultimo, in which it is stated that a large portion of the claim made by the East India Company for a balance due on account of the expenses of the China Expedition consisted of sums disbursed for donation batta, which was a separate and distinct transaction, and was only undertaken by the Court at the special desire of Her Majesty's Government, and with the understanding that it would be promptly reimbursed, that my Lords think it right to observe, that the East India Company was requested to undertake the settlement of the lists, and the payment of the Nankin donation batta, as one of the series of transactions connected with the China war (including a previous similar donation of batta for the capture of Canton), with the execution of which the East India Company was charged; and that it was not the intention of Her Majesty's Government that

the Company should be separately reimbursed for this expense, in anticipation of the general settlement of the account.

I am further to state to you that my Lords do not deem it necessary at present to make any observations upon the other points adverted to in Mr. Melvill's letter.

I am, &c.

The Chairman and Deputy Chairman of the East India Company. (signed) *C. E. Trevelyan.*

Sir, Audit Office, 9 August 1851.

We have the honour, in reference to the Treasury letter of the 8th April last, and to your reply of the 24th of that month, to inform you, that, in the course of the examination of the accounts relating to the war in China, we have found a difficulty in satisfying ourselves as to the correct statement of some of the transactions recorded therein. The difficulty probably arises from the insufficiency of the information afforded by the accounts alone, in the absence of vouchers or other explanatory documents, and we beg leave to subjoin a statement of the several points which appear to require elucidation, in order that the necessary information may be furnished.

In case the original accounts, or copies of them, should not be readily accessible at the India House, we shall have much pleasure in attending there with the copies in our possession, and in facilitating, by personal communication, the reply to our inquiries, which are as follow:

Account No. 4, folio 37. 1. Among the debits for expenses of the East India Company's steamer "Auckland," two items are found for "Provisions and stores, &c." amounting to *Rs.* 1,45,026. 9.; but from the manner in which the service is described, as well as from a comparison with dates and particulars of other expenses charged on account of this steamer, doubt is entertained whether the whole charge relates to the supply of provisions and stores for the period stated. The first item of *Rs.* 61,290. 10. 10. is described as provisions, &c. "supplied to Abdula Huezee, second-class stoker, for January and April 1843;" and the second item of *Rs.* 32,589. 2. 5. is described as being for the like service for March and April 1842.

Account No. 27, folio 156. 2. Among the debits for wear and tear of the East India Company's steamers, at the rate of 10 per cent. on the cost of block, machinery and rigging, a charge of 2,00,000 rupees is made for the "Madagascar," employed from 1st April to 19th September 1841; but the value of the steamer being also set down at the same sum, there is apparently some error.

Account No. 4, folio 24. 29. 41. 44. 45. 48. Account No. 6, folio 4. Account No. 9. folio 5. 3. With reference to the charges of 10 per cent. for wear and tear of the East India Company's steamers, the value of the steamers "Acbar," "Medusa," "Sesostris," "Atalanta," "Ariadne," and "Memnon," is not stated, as in other instances.

4. In Account No. 13, folio 2, a sum of *Rs.* 33,426. 7. 9. is debited to the Colonial Government in China, as repaid in London by the Court of Directors on account of bills drawn by Lieutenant Dallas on the Hong-Kong Government, and of certain premium charged thereon; but the credit for the similar amount, which should be given in acknowledgment of the original advance by the Hong-Kong Government, and which is referred to in the debit entry, cannot be traced in any of the accounts, although a small sum of 11 *a.* 8 *p.*, serving apparently to correct some previous error in amount, is credited in Account No. 29, folio 1.

5. In Account No. 25, folio 3, a debit is raised for *Rs.* 180. 8.; and in account No. 29, folio 2, under the head of "Paymaster of Artillery and Garrison," a further debit for three sums, amounting to *Rs.* 2,106. 9. 9., as amounts received by C. G. Coffin, from Assistant-Surgeon Grant, on account of his subscription to Military, Orphan and Medical Retiring Funds. It is seen from the China Commissariat Accounts, that the first sum of *Rs.* 180. 8. was received as deduction from Assistant-Surgeon Grant's pay for the period from September 1843 to January 1844; but it is not found that any sum was either received from or paid to that officer for any subsequent period.

Rs. 271 3 3
390 14 6
662 1 9

6. In Account No. 8 (1844–5), folio 55, under the head "Marine Department," a debit is raised in respect of two sums received and credited in 1841–2 (Account No. 3, folio 16), under the head "Commissariat Department," for proceeds of sale of Lascar clothing. The ground of this debit would be that a second credit had

had been given by way of adjusting the original charge to its proper head of service, but the second credit cannot be traced.

7. In Account No. 29, folio 2, the sum of *Rs.* 5,028. 9. 5. is debited for "Queen's pay to officers and privates of Her Majesty's service in China;" but no information is afforded either as to the regiment, the period for which paid, or where the troops were stationed at the period to which the charge relates.

Two similar debits are raised in the Accounts Nos. 7 and 11, the regiments being, however, there specified as the 26th, 49th, and 55th, the first two of which had left China before the period of the earliest of these accounts; and, in the absence of fuller explanation, it is not clear that these transactions concern the service in China.

8. In Account No. 24, folios 6, 17, 18, and Account No. 27, folios 156 to 191, various debits are raised in respect of sums recoverable from individual officers for table money, such recovery being in some cases "to be made in Europe," and in other cases stated "to e irrecoverable;" but as it is to be inferred, from other entries in the accounts, that the original debits on account of table money include the whole sums actually paid, it is for explanation why debits are raised as to any portion thereof claimed for recovery, or ascertained to be irrecoverable.

9. In Account No. 27, folio 192, various sums, amounting to *Rs.* 36,600. 6. 8., which were standing at the debit of Captain Hitchins and other officers employed with the expeditionary force in China, are charged against the expedition, under explanations contained "in letters from the Military Auditor-general at Fort St. George."

Information is requested whether the explanation referred to showed that the sums standing at the debit of the several officers had been properly disbursed and accounted for, or whether, although charged to the expedition account, the detailed expenditure of the money remained to be accounted for.

10. In Account No. 27, folios 192 to 196, various sums are "written off" to the debit of Her Majesty's Government as expedition charges, which appear to have been either cash advances to Company's officers and to Queen's officers, under the Company's control, not accounted for, or disallowances to be accounted for; but it is not shown whether all possible steps had already been taken to obtain satisfactory evidence of the cash advances having been properly disbursed, or to recover the sums which might be due.

11. In Account No. 27 for 1847/48, "Expedition to China," various sums are debited for donation batta and for pensions, the accounts of "Colonial Government in China" having been previously also debited with charges for those services; but it is to be presumed, from reference to a credit given in the "Colonial Government," Account No. 29, folio 3, that the charges in the account "expedition" to "China" were transfer charges, so far as regards the period prior to August 1847.

A credit should therefore be given for the exact amounts debited a second time; but as these second debits are not distinguished from others of the same class which had not been previously charged, and as the first debit is not stated in detail, there is nothing to show the correspondence between the second debit and any credit given to counterbalance it.

12. In the accounts with the Colonial Government of China, credit is given for the various advances made in China to the commanders of the East India Company's steamers "Proserpine" and "Nemesis;" but no credit is found for various advances made to the commander of the "Medusa," amounting to 56,500 rupees, and of the advances made to the commander of the "Pluto," amounting to *Rs.* 1,02,993. 11. 7., a credit for *8,000 rupees only is traced, leaving to be explained *Rs.* 94,993. 11. 7.

"Medusa."

1843:	*Rs.*
November	6,000
1844:	
February	6,750
May	6,750
November	6,000
1845:	
January	6,000
April	6,000
May	6,000
*August	5,000
November	6,000
November	2,000
Rs.	56,500

"Pluto."

1845:	*Rs.*	*a.*	*p.*
September	5,000	–	–
October	7,000	–	–
1846:			
January	5,000	–	–
March	7,000	–	–
May	7,000	–	–
*June	8,000	–	–
September	7,000	–	–
November	11,000	–	–
1847:			
January	5,625	–	–
March	8,368	11	7
June	10,000	–	–
August	9,000	–	–
October	5,000	–	–
1848:			
January	8,000	–	–
Rs.	102,993	11	7

13. The credits to be given for value of provisions and other stores supplied from Her Majesty's ships and naval depôts for the service of the expedition, would depend upon the cost of these supplies being included as charges on the debit side of the account, and in respect of the greater portion of these, the corresponding debits appear in the accounts; but as regards the credit given for the under-mentioned sums, on account of supplies received by Bombay steamers, and by officers belonging

to the Madras Presidency, the corresponding debits are not traced, although the transactions appear to relate to expedition service; viz.—

	Rs.	a.	p.
Account No. 7. Provisions supplied to East India Company's steamers of the Bombay Establishment (folio) - -	13,950	9	8
Clothing, &c. - ditto - - ditto (folio.) - - -	2,071	10	8
Provisions supplied to officers of the Madras Presidency (folio) - - - - - - - - - -	52	4	8

N.B.—All the other sums credited in the same account on similar grounds, are found debited in Account No. 5.

14. Explanation is also needed respecting the credits hereafter described, which would in the same manner appear to depend upon the similar amounts being debited to the account, which counter debits are however not traced; viz.—

Rs. 768 5 6
3,316 - 7

Account No. 9, folio 3. Two sums, referring to explanatory documents (G. and H.), which do not accompany the account.

Rs. 3,045 6 9
494 2 10
710 4 11

Account No. 13, folio 5. Three sums, referring in like manner to papers (B., C. and D.)

N.B.—There are, in addition to the above, many sums of small amount, which, from the nature of the credits, as being on account of retrenchments, &c., are doubtless included in the debits for larger sums, and which it does not appear necessary to follow in detail.

15. Credits are given for the following sums as received from the under-mentioned parties; but, being unaccompanied by any information showing the nature of the transactions to which they relate, they cannot, without further explanation, be decided upon, or carried to the proper head of account; viz.—

	Rs.	a.	p.
Account No. 7, folio 1.—Captain Chambers, of Her Majesty's brig "Pelorus" - - - - - -	6,774	2	9
Account No. 29, folio 3.—Credited by the Commissary-general - - - - - - -	8,310	9	1
Paymaster of the Madras Presidency - - -	4,727	8	6
Paymaster, Vellore - - - - - -	87	2	9
Paymaster, Masulipatam - - - - -	2,048	5	4

16. In Account No. 24, folios 11 to 13, credit is given for various sums, amounting in all to *Rs.* 2,42,312. 3. 6., apparently as transfers from the head of service under which they were in the first instance charged; but neither the financial despatch referred to, nor any other information showing the reason for the transfer, accompanies.

17. In Account No. 29, folio 1, credit is given for the amount of "audited abstracts" of pay and allowances of Her Majesty's 18th and 55th regiments for August 1843; but it is not apparent for what reason these credits are given, the pay of neither of these regiments being traced in the accounts as charged for a later period than the month of July 1843.

See Account No. 8, folios 49, 50.

We have, &c.
(signed) *Edwd. Pine Coffin.*
Otho W. H. Hamilton.

James C. Melvill, Esq.

Gentlemen, East India House, 11 October 1851.

I AM commanded by the Court of Directors of the East India Company to acquaint you, that their attention has been directed to the observations and inquiries contained in your letter, dated the 9th August last, which have arisen out of your examination of the accounts relating to the China War; and I am directed to state, in reply, that the Court are not in the possession of documents sufficiently in detail to afford the information which you consider necessary to elucidate many of the items, but that they will forward a copy of your letter to the Government of India, with instructions to supply the particulars referred to in paras. 1, 3, 5, 6, and part of 7, and also in paras. 8 and 17 of your letter.

With respect to the apparent error noticed in para. 2 of your letter, relative to a charge of 10 per cent. on the cost of the block, &c. of the "Madagascar" steamer,

steamer, I am directed to observe, that no per-centage appears to have been really charged on account of that vessel; but the amount of her cost, viz., 2,00,000 rupees, has been charged to Her Majesty's Government, in consequence of the unfortunate destruction by fire of the "Madagascar" in September 1841, while employed in the China Expedition.

In reference to the item of *Rs.* 33,426. 7. 9. noticed in para. 4 of your letter, as debited "to the Colonial Government in China," and repaid in London by the Court of Directors, on account of bills drawn by Lieutenant Dallas on the Hong-Kong Government, I am directed to state, that the Court admit that a counter credit should be given to Her Majesty's Government in the accounts for that sum, and which will accordingly be done hereafter in a supplementary statement.

With respect to the items of charge on account of Her Majesty's 26th, 49th and 55th Regiments, noticed in para. 7 of your letter, I am directed to state, that it has already been decided by the Lords Commissioners of Her Majesty's Treasury, that India should be relieved of all charges on account of those regiments from their embarkation for China in 1840-41. The items in question are therefore properly charged against Her Majesty's Government.

In reference to the observations in para. 8 of your letter, relative to the debits raised in respect of sums recoverable from individual officers for table money, the Court apprehend that those sums were not originally included in the larger amounts for table money, as you have supposed, but debited as "advances repayable," and that such of them as were found to be irrecoverable in India, were subsequently charged against the "Expedition." Some of these sums have since been recovered in this country, and will be accounted for in a supplementary statement. The Court will, however, refer your observations upon the subject to the Government of India.

I have, &c.
(signed) *James C. Melvill,*
Secretary.

Sir Edward Pine Coffin and
Otho W. H. Hamilton, Esq.

Gentlemen, East India House, 23 December 1852.

With reference to my letter dated 11th October 1851, I am commanded by the Court of Directors of the East India Company, to forward to you the accompanying copy of a financial despatch from the Government of India, dated 7th October 1852, No. 51, with the enclosures in original, in explanation of certain items in the account of expenses incurred in connexion with the late Expedition to China, which were pointed out in your letter, dated 9th August 1851.

I have, &c.
(signed) *James C. Melvill,*
Secretary.

Sir Edward P. Coffin, and
Otho W. H. Hamilton, Esq.

Sir, India Board, 25 November 1853.

I am desired by the Commissioners for the Affairs of India to request that you will lay before the Court of Directors of the East India Company the enclosed copy of a letter, dated the 22d instant, which has been addressed to this Board by command of the Lords Commissioners of the Treasury, on the subject of the several accounts pending between Her Majesty's Government and the Company.

I am, &c.
(signed) *Wm. Leach.*

Sir J. C. Melvill, K.C.B.
&c. &c. &c.

Sir, Treasury Chambers, 22 November 1853.

I am commanded by the Lords Commissioners of Her Majesty's Treasury to acquaint you, that they have had under their consideration the state of the several accounts pending between Her Majesty's Government and the East India Company.

The first which has been brought under their notice consists of advances made in India for carrying on the current expenditure of the naval and military forces, and the consular establishments in China.

A balance, amounting to 215,950 *l.* 13 *s.* 5 *d.*, is admitted to be due by Her Majesty's Government to the East India Company on this account, and my Lords have directed the Paymaster-general to pay the amount to the East India Company.

The next account relates to the advances made in this country for the recruiting and other charges of Her Majesty's Forces serving in India.

A balance, amounting to 441,193 *l.* 8 *s.* 10 $\frac{3}{4}$ *d.*, has been finally adjusted, agreed and admitted to be due by the East India Company for 1847–8 and preceding years, and my Lords request that the Court of Directors of the East India Company will immediately direct this sum to be repaid to Her Majesty's Paymaster-general.

A further balance, amounting to 371,011 *l.* 6 *s.* 1 $\frac{1}{4}$ *d.*, is claimed by Her Majesty's Government to be due for the four years, 1848-9, 1849–50, 1850–51 and 1851–52.

The accounts for these years were carefully examined, under the direction of the Treasury, and transmitted to the Court of Directors, in order that they might be finally adjusted and agreed, the account for the year 1848-9 having been delivered at the India House as long ago as June 1850, and that for 1851-2 in the month of April last.

My Lords request that the Court of Directors will, without further delay, take such measures as they think proper to satisfy themselves that these accounts are correct, and thereupon pay the amount due upon them to Her Majesty's Paymaster-general.

There is also a balance, estimated to amount to 70,000 *l.*, due for the year 1852–3; but the examination of this year's accounts has not yet been completed at the Treasury.

My Lords have of late years repeatedly called the attention of the Court of Directors to the extraordinary delay which has taken place in the repayment of these advances. The whole of the sums placed by Parliament at the disposal of Her Majesty's Government are strictly appropriated, and this large outstanding amount, which for several years past has not been much less than one million sterling, causes a derangement of the financial machinery of the Government, which is productive of great inconvenience to Her Majesty's Service.

My Lords must, therefore, stipulate as the condition of the continuance of these advances for the service of the East India Company, firstly, that as the accounts of each year are delivered to the Court of Directors, after having been examined, under the directions of this Board, they shall be promptly subjected to such further investigation as the Court of Directors may think proper, and that the balance thereupon admitted to be due shall be annually paid in full without delay; and, secondly, that the fixed sum paid by the East India Company by quarterly instalments, on account of these advances, shall be increased by at least 50,000 *l.* a year. It will be obvious, on an inspection of the outstanding account, a statement of which is annexed, that the annual sum of 200,000 *l.* paid by the East India Company to meet these advances, has become, since Her Majesty's forces serving in India have been augmented to their present amount, insufficient for the purpose intended, and it is obviously unjust to the people of this country, and inconsistent with the regularity of the financial arrangements of Her Majesty's Government, that large balances, such as are shown by the accompanying statement to have remained outstanding on each year's account, should be left unliquidated until the accounts can be collected from the different departments connected with the expenditure can be examined by the officers of this Board, and be subjected to a second examination at the India House.

The last account to which their Lordships' attention has been directed, is that which relates to the expenditure connected with the China Expedition.

The first part of this account was received at the Treasury in January 1849; but the Court of Directors were informed that it would not be possible to ascertain on which side the balance would be until the whole of the account had been rendered.

The remainder of the account was received in March 1851, and Commissary-general Sir Edward Coffin, and Mr. Hamilton, one of the Inspectors of the Audit Office, were appointed to examine it.

Statements were also furnished by their Lordships' directions to the Court of Directors of sums advanced in China by the officers of Her Majesty's Government, for defraying a portion of the expenditure of the East India Company's troops and steamers serving in that country, which was chargeable to the Company under the agreement for the division of the expenditure connected with the Expedition between Her Majesty's Government and that of the East India Company.

Whatever sum may be due to the East India Company according to that agreement, as it was explained at the time to the House of Commons by the Chancellor of the Exchequer and by the President of the Board of Control, my Lords will be prepared to apply to Parliament in the ensuing Session for a Vote for the amount.

I am, &c.
(signed) *C. E. Trevelyan.*

The Secretary to the Board of Control.

Sir, East India House, 30 November 1853.

1. I AM commanded by the Court of Directors of the East India Company to acknowledge the receipt of Mr. Leach's letter of the 25th instant, with a copy of a letter addressed to the Board by Sir Charles Trevelyan, on the subject of the several accounts pending between Her Majesty's Government and the Company.

2. The sum of 215,950 *l.* 13 *s.* 5 *d.* now paid to the Company, is in reimbursement of advances made in India for Her Majesty's service in China, under the arrangement proposed by the Lords of the Treasury, and adopted by the Court in August 1846. The regularity observed in the reimbursement of the sums so advanced was interrupted in May 1852; but the arrears having now been paid, it is unnecessary for the Court further to advert to that circumstance.

3. The above sum, however, formed no part of the account which comprehends the extra expenses incurred by India for the China expedition, and repayable under the agreement made by Her Majesty's Government, and communicated to the Court immediately after the orders were issued to the Government of India to undertake the expedition.

4. This account, embracing a period from 1839–40 to 1847–48, has been furnished in detail to the Lords of the Treasury. It also includes large sums paid by the Company under the immediate direction of their Lordships for Nankin donation batta.

5. In 1851 the Lords of the Treasury appointed two officers to examine the accounts, and those officers having applied for information, which could not be furnished without reference to the Government of India, such a reference was immediately made, the information was promptly given, and in December 1852 it was communicated to those officers. Since that period no step, so far as the Court are aware, has been taken towards a settlement of the balance of the account in question.

6. In Sir Charles Trevelyan's present letter reference is made to a supposed "agreement for the division of the expenditure between Her Majesty's Government and that of the East India Company."

7. The Court are not aware of the existence of any other agreement than that contained in the letter from the Secret Committee to the President of the Board, dated the 29th November 1839, and in his reply of the 26th January 1840, declaring that "it was not the intention of Her Majesty's Government that any part of the expenses should be defrayed ultimately from the Indian revenues."

8. Acting upon this assurance, the Court have made the claim, and have treated the amount as a remittance from India in part of the sums required in Europe to defray the territorial expenditure in this country. They are ready, as they have always been, to answer any inquiry, or to meet any discussion that may arise with respect to the details of these accounts; and they again submit that there can be no sufficient reason why delay should still take place in the adjustment of the account, so far at least as to obtain a statement of the precise amount for which Her Majesty's Government will propose a vote in the ensuing Session of Parliament.

9. Relying with perfect confidence that this will be done, the Court will give directions for paying to Her Majesty's Government the sum of 441,193 *l.* 8 *s.* 10¾ *d.*, admitted to be due for the recruiting and other charges of Her Majesty's forces serving in India.

10. The Court entirely admit the desirableness of promptitude in the investigation in this House of that source of expenditure, and they have given directions for accelerating as far as possible the accounts under examination; but they are voluminous, and involve questions upon which it is often difficult to obtain accurate information. Illustrations of this may be adduced in the fact, that the Company have been charged with the amount of bills drawn for the freight, &c. of troops going from a colony to India, which, on minute investigation, have been found to comprehend charges of conveying troops from port to port within the colony, and which are of course not properly chargeable to India; and notwithstanding a previous examination of the accounts at the Treasury, the result of their subsequent audit at this House establishes annually the rejection, as well as admission, of items of considerable amount, which have been included or omitted in the statements of claims prepared at the Treasury, contrary to the equitable principles agreed upon by the Lords of the Treasury and the Court for the adjustment of the Pay-office charges.

I have, &c.
(signed) *J. C. Melvill,*
Secretary.

Sir T. N. Redington, K. C. B.

Sir, India Board, 7 February 1854.

THE Commissioners for the Affairs of India direct me to request that you will lay before the Court of Directors of the East India Company a further letter, dated the 28th ultimo, a copy of which is enclosed, addressed by command of the Lords Commissioners of Her Majesty's Treasury to this Board, relating to the several accounts which are now pending between Her Majesty's Government and the East India Company.

I have, &c.
(signed) *T. N. Redington.*

J. C. Melvill, K. C. B.

24,732. 27/1.

Sir, Treasury Chambers, 28 January 1854.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to acquaint you, that my Lords have had before them your letter dated 13th ultimo, enclosing a copy of Sir James Melvill's letter, dated the 30th of the preceding month, in reply to the letter from this Board of the 22d of the same month, on the subject of the several accounts pending between Her Majesty's Government and the East India Company.

My Lords are quite satisfied with the assurance conveyed by Sir James Melvill's letter, that the accounts for the recruiting and other charges incurred in this country for Her Majesty's forces serving in India shall in future be promptly investigated, and that the Court have given directions for accelerating as far as possible the accounts now under investigation; and, in reference to the remarks contained in the concluding paragraph of his letter, my Lords content themselves with calling attention to the statement in the Appendix of the result of the examination of these accounts from 1839 to 1848, from which it will appear, that of a total charge made by the Treasury during that period, amounting to 3,222,834 *l.*, only 65,079 *l.* was deducted, in consequence of the subsequent examination at the East India House; while, on the other hand, 30,847 *l.* was added, making a net difference in favour of the Company of 34,232 *l.*

Sir J. Melvill does not advert in his reply to the statement annexed to the previous letter from this Board, showing that the annual sum of 200,000 *l.* paid by the East India Company to meet the advances made by Her Majesty's Government, for the purpose of defraying the recruiting and other expenses of Her Majesty's forces serving in India, is insufficient for the purpose intended. The duty my Lords owe to the public obliges them unwillingly to recur to this part of the subject.

These advances are made from the public funds of this country entirely for the service of the East India Company, and common equity requires that the current payments made to Her Majesty's Government by the East India Company, on account of these advances, should be sufficient to meet the advances, leaving only a reasonable margin to cover any differences that may appear on the examination of the account.

My

My Lords must therefore repeat their request that the fixed sum paid by the East India Company by quarterly instalments may be increased by at least 50,000*l.* a year.

My Lords now proceed to the consideration of the last account adverted to in their letter of the 22d November last, namely, the account of the expenditure connected with the China Expedition.

It was stated in the above-mentioned letter, that whatever sum might be due to the East India Company, under the agreement for the division of this expenditure between Her Majesty's Government and the East India Company, as it was explained at the time to the House of Commons by the Chancellor of the Exchequer and by the President of the Board of Control, my Lords would be prepared to apply to Parliament in the ensuing Session for a Vote to that amount.

To this Sir James Melvill has replied, that "the Court are not aware of the existence of any other agreement than that contained in the letter from the Secret Committee to the President of the Board, dated 29th November 1839, and in his reply of the 26th January 1840, declaring that it was not the intention of Her Majesty's Government that any part of the expenses should be defrayed ultimately from the Indian revenues."

My Lords do not question that this correspondence may be held to constitute an agreement, nor do they dispute the meaning of the words employed. The East India Company and the President of the Board of Control might, no doubt, come to an understanding between themselves in regard to the source from which the expenditure of the China War was to be defrayed, and my Lords are aware that in the present instance the arrangement was made known to Parliament by Sessional Paper, No 241 of 1840.

But my Lords are precluded from giving effect to that agreement by another agreement which they find upon record, which is at variance with it, is of later date, and, above all, (for this is the conclusive consideration,) was made with a higher authority.

It lay neither with the President of the Board of Control, nor with the Court of Directors of the East India Company, ultimately to determine where the charge should fall. This was the province of the House of Commons, and it appears accordingly that, three months after the above-mentioned Paper had been presented, two leading Members of Parliament, upon the Motion of one of whom the Paper had been laid before The House, addressed public inquiries to the Government, having reference to this very subject, and apparently indicating an indisposition, so far as they were concerned, to acquiesce in the views of the Company and the India Board as declared by the letters that had passed between them. The answers to these questions were distinct, pointed, and even detailed. The Chancellor of the Exchequer's reply was, that this country was to bear the extraordinary portion of the expenditure; and the President of the Board of Control stated that the Governor-general of India was to keep separate accounts of ordinary and extraordinary expenditure; that the charge upon this country was not to extend to the pay of the Queen's troops, nor to the ordinary pay of the troops belonging to the East India Company, "but only to the expenses incurred by the extra services arising out of this expedition."

This answer is not, my Lords observe, to be viewed in the light of a mere explanation, given to one or more individual Members of Parliament. The occasion was the first Vote of 173,442*l.*, asked for towards the expenses of the China Expedition. The question and answers bore directly upon the Vote. As a general rule, it is the established principle of the House, that the declaration of a Member in his place, is not only evidence, but the highest form of evidence; and if there be one case to which this rule would apply with more stringency than another, it manifestly is where the speakers are responsible advisers of the Crown, and the occasion on which they speak is a vote of public money which the House is about to give. A pledge of the kind given to the House of Commons by the Chancellor of the Exchequer and the President of the Board of Control in July 1840, is one of the most solemn that can be given by a Minister; and it would be difficult to conceive the circumstances which would justify Her Majesty's Government in an attempt to derogate from the engagement into which their predecessors then publicly entered.

Admitting that the two engagements were irreconcileable, Parliament was fully entitled to take the latter as a modification of the former. The Company, two of the Directors of which were in Parliament at the time, must be presumed to have

been aware of this public and formal pledge, by which the Government bound itself to a course different from that indicated in the letter of the India Board.

The question, therefore, simply is, whether the Treasury can ask Parliament to vote a certain sum of money, with which two Ministers formally assured them in 1840 that the Company would be charged, when the plea is that a certain letter of earlier date than the assurance was to a different effect, when the body receiving that assurance was the highest power in the State for the purposes of taxation, and when every farthing voted by that body for the China War has been voted on the conditions thus laid down.

It is observed in Mr. Melvill's letter, dated the 4th August 1845, that the exigencies of the public service in India required that the place of the Indian troops employed in China should be supplied, and consequently the charge to India of any portion of the expense of those troops would be an additional charge, contrary to the principle admitted in Sir J. Hobhouse's letter to the Court, dated 26th January 1840.

This may be true; but this is not the account given by Sir J. Hobhouse and Sir F. Baring to the House of Commons. Their language is perfectly unequivocal, and admits of only one construction. They said the account against this country was not to include the pay of the Company's forces. To say that this is to be understood with the proviso, "so long as those forces are not required by the Company for service in other quarters," is to suppose that while they stated the case unconditionally, they kept back a condition which totally altered its character, and is to impute to them a mental reservation, alike irreconcileable with their honour as men, and with the most elementary principles of their duty as Ministers and Members of Parliament.

An appeal was made to them in the year 1845 for any aid they could contribute towards the history of the transaction. They had no new documents in their possession, but they recollected the transaction as it had always been understood and explained by the Treasury, namely, that the Company were to bear the ordinary expenditure of the troops at the established rates of such expenditure prevailing in India, and that the extraordinary expenditure (transports, extra batta, &c.) would be defrayed by Her Majesty's Government.

As Sir J. Hobhouse and Sir F. Baring announced to the House of Commons, on the 24th July 1840, an arrangement relating to the division of the expenses of the China Expedition, different from that described in Sir J. Hobhouse's letter to the Secret Committee, dated 21st January preceding, and as the Court of Directors, notwithstanding the deep interest which they had in the subject, took no notice of that difference, it may fairly be inferred that some change had taken place in the understanding as to the course that was to be adopted; and, in accordance with this view, it is admitted in Mr. Melvill's letter, dated 4th August 1845, that an agreement existed under which, under certain circumstances, the Company would have been chargeable with a portion of the expense. The position maintained by this Board is, that the agreement was that which was announced to the House of Commons by the Chancellor of the Exchequer and the President of the Board of Control.

Parliamentary Paper (90), Sept. 1851, page 6, para. 2 & 3.

The Chancellor of the Exchequer and the President of the Board of Control made their declaration in Parliament, that the ordinary expenses of the China Expedition would be borne by the Company, and the extraordinary expenses by the Home Government, on the 24th July 1840. But Lord Auckland's public announcement of the Affghan Expedition was dated on the 1st October 1838, and the preparations for the extensive system of operations connected with it had been in progress for some time before. The Ministers of the Crown, therefore, made their announcement to Parliament of the arrangement for apportioning the expenditure of the China Expedition between the Crown and the Company, with a full knowledge of the additional liabilities which had been incurred by the Company in consequence of the Affghan Expedition; and as their declaration of the financial settlement relating to the China Expedition was positive and explicit, and was not qualified by any allusion to what had taken place in reference to Affghanistan, it must be presumed that they had no such contingency in their contemplation.

My Lords have rested the case on the formal engagement entered into by the Executive Government with Parliament; but if it should be determined to re-open the subject *ab initio*, and to settle it on equitable grounds, it may be doubted whether Parliament, having regard to the interests of the Indian Government in the results of the China war, would not decide upon conditions less favourable for the

the Indian treasury than those for which their Lordships' view of their duty, as given above, compels them to contend.

The war was entirely Indian in its origin and object. It arose out of the measures adopted by the Chinese Government to put a stop to the contraband trade in opium, which was an Indian trade, from which the Government of India derived a large annual revenue. If English trade and English interests had been alone concerned, there is no reason to suppose that there would have been any war.

My Lords have not entered in this place into the question, what payments, whether made in the first instance by the officers of the Company, or by those of the Crown, should be considered to fall into the one class as ordinary, or into the other as extraordinary expenses, but have confined themselves to the establishment of the principle that the distinction is to be drawn.

My Lords much regret that their duty to Parliament, and their sense of justice to the people of this country, compel them to take a different view of the subject from that which has been expressed by the East India Company; and it will be gratifying to them if the explanations which have been furnished induce the Court of Directors to modify their opinion.

I am, &c.
(signed) *C. E. Trevelyan.*

Sir T. Redington, K.C.B.

Sir, East India House, 23 February 1854.

I AM commanded by the Court of Directors of the East India Company to request that you will submit to the Board of Commissioners for the Affairs of India the following observations upon the letter addressed to the Board, by desire of the Lords Commissioners of Her Majesty's Treasury, relating to the several accounts now pending between Her Majesty's Government and the Company; of which letter a copy was transmitted in your communication to me of the 7th instant.

The Court will, in the first instance, address themselves to the account of the China Expedition.

When the co-operation of the Company in the expedition to China, undertaken by Her Majesty's Government, was desired, it was agreed that no part of the expenses should ultimately fall on India. This agreement was distinct and authoritative: it was entered into by the President of the India Board, in the name and on the behalf of Her Majesty's Government, and was communicated to Parliament, and has always since formed a material item in the financial statements of the Indian Government, affecting the amount of remittances to the Home Treasury. All sums expended in India on account of the Expedition have been debited to Her Majesty's Government, and none of them have at any time been entered as charges to the debit of the Indian revenue. It is now proposed by the Lords of the Treasury to interfere with these arrangements, and to re-adjust the account, upon principles which would involve a heavy charge in arrear against the revenues of India, and convert the small surplus which has been attained into a deficit of serious amount.

Extract Return to an Order of The House of Commons, dated 9th April 1840; [ordered by the House to be printed, 15th April 1840:—

Gentlemen, India Board, 21 January 1840.

IN reply to the letter which I had the honour of receiving from you, relative to the expenses of the contemplated expedition to the China seas, I beg to inform you that it is not the intention of Her Majesty's Government that any part of the expenses should be defrayed ultimately from the Indian revenues.

I remain, &c.
(signed) *John Hobhouse.*

The Honourable the Secret Committee.

In making this proposal, the Lords of the Treasury do not deny the validity of the agreement that no part of the expenses was to be borne by India; but their Lordships consider that the agreement was superseded by statements made in the House of Commons in 1840 by Sir F. Baring, as Chancellor of the Exchequer, and by Sir John Hobhouse, to the effect, that the charge to this country was not to extend to the ordinary pay of the troops.

The Court confidently submit, that an agreement formally entered into, and duly reported to Parliament, cannot in good faith be departed from, on the part either of Her Majesty's Government or of Parliament, without the consent of the Court, who were not even officially cognizant of, much less parties to, explanations given to the House of Commons, when a vote for a portion of the expense was under discussion; and with reference to the observation of the Lords of the Treasury, that "the Company, two of the directors of which were in Parliament at the

time, must be presumed to have been aware of the public and formal pledge by which the Government bound itself to a course different from that indicated in the letter of the India Board." The Court beg in the most emphatic terms to state, that there is not the slightest foundation in fact for the supposition that they ever, even tacitly, acquiesced in the view now taken. It is matter of astonishment to the Court if Her Majesty's Government formally abandoned what is admitted to have been a valid agreement, that they did not communicate the change to the Court, who in that case would have taken steps in view to limiting the aid for China, and reserving in India for her own use the military resources which could not be dispensed with.

The fact that no communication was made to the Court, and the further fact that the Directors in Parliament never became aware of the alleged change, seem to the Court to show that a misapprehension exists at the Treasury, and that no departure from the written agreement was ever seriously contemplated.

On reference to Hansard's Parliamentary Debates, the Court observe, that on the 15th May 1840, the Chancellor of the Exchequer is reported to have said, that "the extra expenditure required for the Expedition would be charged to Her Majesty's Government," by which the Court understand him to have meant, what indeed the Lords of the Treasury themselves stated in a letter, dated in June 1845, "that the extra expenditure arising out of the Expedition, over and above what the Company would have had to defray, if no such arrangement had been made, would ultimately be paid by Her Majesty's Government."

The Court ask no more. They simply desire that India should, as respects the China Expedition, be placed in the same position financially as if the Expedition had never been undertaken. The troops employed would in that case have been available for the contingency of another service, which imperatively required that the troops taken for China should be immediately replaced. Sir F. Baring's statement in 1840, therefore, does not appear to the Court to involve any departure from the original contract; and it is important to observe, that in introducing his statement, Sir F. Baring said, that "The House was already aware of the arrangement made by Her Majesty's Government and the Government of India." There was a clear indication of adherence to what had been agreed upon, instead of, as it is now contended, a formal abandonment of it. Besides, Sir F. Baring took as the basis of the estimates, upon which he asked for a vote for the China Expedition, the estimates sent home by Lord Auckland. The Court cannot more clearly show the view which Lord Auckland, from the first, took of this matter, than by quoting the words of his order of 26 May 1841 to the Military Auditor-general, upon a question which had arisen regarding the pay of Her Majesty's troops: "I am to inform you, that the entire expenses of Her Majesty's regiments now employed on the Expedition to China, are to be considered extraordinary."

The Lords of the Treasury refer also to a statement made at the same time by Sir J. Hobhouse, who is reported to have said, "The Governor-general was to keep a separate account of every extra charge. That account was not to extend to the pay of the Queen's troops, nor to ordinary pay of the troops belonging to the Company." The Court are constrained to observe, that if any such statement were made, it was inaccurate, it being apparent, from what has been already said, that the Governor-general determined that from the first the whole expenses of the Queen's troops at least were to be regarded as extraordinary. The same principle was afterwards directed by the Court to be applied to the Company's troops, and this direction received the deliberate sanction of Sir J. Hobhouse, as President of the India Board, from which the Court submit that it is quite clear, that any departure from the original agreement cannot rest upon the authority of Sir John Hobhouse.

But if it could be conceded that an agreement was liable to be broken by the declaration in Parliament of responsible advisers of the Crown on occasions of votes of public money, and that Sir F. Baring and Sir J. Hobhouse had so broken this particular agreement, the Court may confidently even in that view rest their case, as respects the expenses of the China Expedition, upon speeches made in the year 1842 by the late Sir Robert Peel, then First Lord of the Treasury, and by Mr. Goulburn, then Chancellor of the Exchequer, who produced estimates comprising the

Sir R. PEEL, 18th March 1842.—"I said that I calculated the cost of the Expedition to China, which, in pursuance of the policy of the late Government, we have undertaken to carry on, I trust, even with additional vigour,—I calculated the cost of that Expedition for the year ending April 1843 would be at the very least 1,300,000 *l.*"

23 March 1842.—"It is proved that for the present year, your expenditure will exceed your income by 2,500,000 *l.*, taking the expenditure as voted upon the Estimates, but it will be found that the deficit cannot be less than 3,500,000 *l.*, for I shall have to submit an estimate for a reinforcement of our troops in India, and we shall have to pay the expenses of the China Expedition for the current year."

31 May 1842 (in answer to Mr. Hume) Sir R. Peel replied, "that the expenditure for carrying on the war in China was made for this country, and must be repaid to the Company."

the total expense of the Expedition, and who urged the necessity, in reference to the state of India, of the prompt reimbursement to the Company of the total amount. Is it credible, is it even consistent with possibility, that these public men could have overlooked the fact, if fact it had been, that the agreement, whose integrity they maintained, had intermediately been abandoned?

The Court cannot but think that, upon perusing the debate of 1842, the Lords of the Treasury will see that the intention and practical proceedings of Parliament in the votes which have been given, was to reimburse to India the whole of her expenditure, and to look to the sums payable by the Government of Pekin, under the treaty of Nankin, for the indemnification to this country of the expenses of the war.

It is with great regret that the Court find themselves involved in this controversy with the Lords of Her Majesty's Treasury. They have not failed to observe the indication conveyed by their Lordships of the probable result of a reference to Parliament upon the question at issue, and, as that question involves the expenditure of the public money, they are fully alive to the difficulty with which they would have to contend in opposition to Her Majesty's Government.

But recollecting not only that Parliament has invested the Court with the duty of administering the finances of India, but that obloquy has been freely cast upon the Company for their neglect of public works, through inability to prosecute them, in consequence of the burthen caused by expensive wars, especially that in Affghanistan, the Court feel that they should be guilty of a positive dereliction of their duty if they did not resist, to the full extent of their power, a claim which the Lords of the Treasury themselves admit was not originally contemplated, and which an impartial and unreserved reference to Parliamentary discussion proves, in the Court's judgment, to be wholly unfounded. The views of the Court regarding the origin and objects of the China war are essentially different from those expressed by the Lords of the Treasury. The Court purposely forbear from engaging in this discussion, because it can have no bearing upon the question of the right of India to total exemption from the charge of the war. That right is founded on a written agreement; it has been substantiated in the most unequivocal manner by the First Minister of the Crown, in his place in Parliament, in the year 1842, and a sense of justice to the people of India constrains the Court inflexibly to maintain it. Entertaining so strong an opinion, the Court must earnestly protest against the view now proposed to be adopted by the Lords of Her Majesty's Treasury.

With regard to the annual advance on account of the expenses for Her Majesty's troops in India, the Court, referring to the augmented number of these troops, are prepared to increase the amount to 250,000*l.* per annum.

The Court command me to add, that the sentiments expressed in this letter have received their unanimous concurrence.

I have, &c.
(signed) *J. C. Melvill,*
Secretary.

Sir T. N. Redington, K.C.B.,
&c. &c. &c.

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on 31 October, 2019

CHINA EXPEDITION.

CORRESPONDENCE regarding the Settlement of the BALANCE of the EXPENDITURE by the Government of India, on account of the EXPEDITION to CHINA.

(Sir James Hogg.)

Ordered, by The House of Commons, *to be Printed,*
15 *May* 1854.

247.

Under 3 *oz.*